

America have summarized it in these particular voices from across the country. Those are pretty good summaries. It raises the point of why I am so adamant that we need to deal with this issue now. I cannot understand why my Democrat colleagues want to block this issue—even under some notion of the fairness of them having a tax bill and us having a tax bill. I can't believe they would be opposed to this tax bill, which is on two-wage-earner families. I don't see this as a Republican or Democrat issue. This is an American issue, an issue of family values, which we all support, and we have very few legislative days left to deal with it. It needs to be dealt with now.

What could couples do with this money if they had the \$1,400 that the average couple currently pays? Some people would do different things. They could pay electric bills for 9 months averaging \$103 a month. They could pay for 3 or 4 months of day care if they had that \$1,400 back—in some places it is higher, and in some it is lower. They could pay for a 5-day vacation to Disneyland if they wanted to with that \$1,400. A package rate concludes a double room, a Disneyland hotel, and entry into the entertainment park for mom, dad, and two kids. I think that is a much better place to put this money, if people would just take off to Disneyland with their family in tow. I don't know if those rates still apply or not. Or they could make four or five payments on a minivan, which average \$300 to \$350 a month. It seems everybody needs a minivan anymore. Or they could eat out 35 times in a restaurant, with the meals averaging \$40. They could buy 1,053 gallons of gasoline at \$1.33 a gallon. They could purchase 1,228 loaves of bread, with an average loaf costing \$1.14.

Now, ask anybody here, should these married couples spend the money on those things, or should they send it to us in penalty? I think they have better places to be able to put their own resources. So that is why I am so adamant that we not go on to this spending bill until we help American families with their spending. The ability to pay 9 months of electric bills is important.

I don't intend to just occupy my colleagues' time with this. This is an important issue that I think needs to be raised, and it needs to be seen, and it needs to be heard. There hasn't been a whole lot of discussion on this particular issue. I see other colleagues, and I would be willing to let them speak if they desire. I don't want to block them. I do want to raise this issue of consciousness across the American public on this particular issue of the marriage penalty. That is why I have been talking on this point and why I raise it on this legislative branch appropriations bill.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER (Mr. FRIST). The Senator from Minnesota.

Mr. GRAMS. Mr. President, I ask unanimous consent to speak for 20 minutes.

Mr. BROWNBACK. Reserving the right to object, and I will not object.

I ask unanimous consent that, after the Senator's 20 minutes, I retain the floor.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, first, I want to take a couple of minutes, Mr. President, to compliment my colleague from Kansas on what he is doing in talking about this marriage penalty and advocating more tax relief for American families. He has done a great job. I agree with him wholeheartedly, because when you look at the marriage penalty, bottom line, this is an unfair tax that has been imposed on something like 21 million couples in this country. It penalizes them for actually being married rather than encouraging and supporting the institution of marriage. We have a Tax Code that actually penalizes couples if they get married.

A couple of months back, President Clinton was asked a question about the marriage penalty. I believe he admitted that it was unfair. Then he was asked, "Why don't we get rid of it?" The bottom line is that Government somehow cannot get along without this money. It is \$29.1 billion a year, I believe. The Government can't get along without that money. Somehow families can get along without it, but the Government can't. Nobody calls up the families and says: If we have this unfair tax, are you able to get along without the money? Nobody calls the families. They just have to do more with less, or get along without it. The bottom line is that, in our Tax Code, somehow our Government is willing to collect taxes unfairly. I agree with the Senator from Kansas that families can make much better use of this money, as we have been advocating for so long, in reducing the taxes. I strongly support his efforts today in talking about the elimination of the marriage tax penalty. I just wanted to support him on that.

SOCIAL SECURITY'S COMING CRISIS

Mr. GRAMS. Mr. President, as the Senate continues its work on the spending bills for the next fiscal year, I rise today to speak about an issue that threatens the financial future of this nation: a disaster-in-the-making that jeopardizes our ability to fund any of the important discretionary spending programs we now debate, such as education or medical research. I rise to speak about the coming crisis of the Social Security program.

In my last remarks on this subject before this Chamber, I discussed the history of the Social Security program.

Specifically, I talked about how hastily Congress passed the Social Security Act, how poorly the program was designed, and how fallacious its finance mechanism was. A Social Security crisis was inevitable—and arrived in the late 1970's, when the program began running a deficit and Congress raised taxes to shore it up. President Carter claimed Social Security would remain solvent for another 50 years. Just five years later, Social Security was facing another near-term insolvency. That time, after again raising taxes, Congress claimed the system would remain viable for 75 years.

Yet, here we are again.

Mr. President, as with the previous two crises, the coming retirement crisis is real. All the socioeconomic data suggest it is approaching. Both the government and private sectors are projecting the future insolvency of the Social Security program.

However, unlike the last two crises, the coming crisis will have a profound and devastating impact on our national economy, our society, and our culture unmatched by any we have faced since the founding of this Nation.

Despite all the evidence to the contrary, some Washington politicians continue to sing the "don't worry, be happy" refrain. Social Security is not in crisis, they say—it is not broken and will not go bankrupt. All it needs are a "few minor adjustments" to fix its problems.

Therefore, many of our constituents have only heard the good news and the happy talk: that Congress has balanced the budget for the first time in nearly 30 years and that the Congressional Budget Office projects surpluses growing to \$140 billion within a decade. All of this good news is complemented by the fact that the Social Security Trust Fund boasts an asset balance that tops \$600 billion and is expected to run surpluses for the next 13 years. And so the Social Security Administration passionately contends that Social Security benefits will always be there for everyone.

Insisting that the Social Security crisis is not real—that we are in better financial shape today than ever before—is like telling the captain of the *Titanic* the waters are clear, with no threat of icebergs, and the ship should proceed full speed ahead.

That is "The Big Lie," Mr. President, and if we fall for that rhetoric, there is nothing but icebergs ahead for Social Security. For starters, the Social Security program's \$20 trillion in unfunded liabilities have created an economic time bomb that threatens to shatter our economy. In addition, the declining rate of return of Social Security contributions means the system will be unable to meet the expectations of future retirees, who seek in retirement the same financial security they enjoyed in the workplace.

Beginning in 2008, 74 million baby-boomers will become eligible for retirement and the system will begin to collapse. From that point on, we will have

more retirees than ever before, and fewer workers paying into the system. And as medical advances continue to extend life expectancy, future retirees will be receiving benefits longer than was ever anticipated when the program was created.

The problem begins with the fact that the current Social Security system is a "pay-as-you-go" entitlement program. The money a worker pays in today is used to support today's retirees—the government does not hold it for an individual worker until he or she retires—meaning there is no reserve waiting for future retirees.

To put it real simply, there is no account in Washington, DC with anybody's name on it that has one dollar for your retirement. Not one dollar in Washington has been set aside. They rely on the workers today to collect the money from them to pay those on retirement today. When the program was originally conceived in 1935, this did not pose a threat. Back then, the average life expectancy for Americans had not yet reached age 65 and there were many more workers paying into the system than were taking out.

To put this into perspective, before the "baby boom" generation was born, there were 100 workers for every retiree. But as these same baby boomers begin to retire, the funding support is projected to eventually drop to merely two workers per retiree—100 for every retiree 50 years ago and 2 workers for every retiree at the beginning of the next century. Furthermore, these future retirees are expected to live to more than 75 years of age. We have gone from a program where the average worker died before ever receiving their benefits, to a situation where retirees are living years after they have received all their contributions back from the program. In fact, the Congressional Research Service estimates today's average Social Security recipient receives back his or her lifetime contributions within the first three to five years of retirement.

By the way, Mr. President, if we ran our households the way the government operates Social Security, we would never be allowed to finance a house, we could never send our kids to college with the help of a student loan, we could not even get a car loan; in fact, we could not function in the real world at all. If we ran our companies on a pay-as-you-go basis, there is a good possibility we would have been tossed in jail long ago.

When there are fewer workers to support each retiree, it is obvious something has to give. When Congress attempted to address projected shortfalls in the past, the government's response meant either reduced benefits for retirees, higher payroll taxes on workers, or some combination of the two. For workers, that has amounted to 51 tax increases on income or income adjustments in just the last 25 to 30 years; 51 times the government has raised Social Security taxes, or adjusted the income

on which those taxes were levied. So it comes as no surprise that similar proposals are finding their way into our debate again today.

Unfortunately, this comes at a time when retirees are growing increasingly dependent upon Social Security benefits as their main source of income. This is in spite of the fact that Congress never intended Social Security to become a replacement for personal savings. Social Security was to be a supplement, not the major source of an individual's retirement dollars. According to a report by the Congressional Budget Office, though, workers have come to expect that, upon retirement, Social Security will provide them with income to replace a significant portion of their previous earnings. As proof of that, in 1996, Social Security made up approximately 40 percent of the cash income of the elderly. And as the number of workers covered by pensions continues to decrease and tax rates continue to complicate the ability of workers to save for their future and ensure their retirement security, dependency will surely grow.

The Social Security Trust Fund's unfunded liability makes the long-term budgetary impact of America's changing demographics even more significant.

The government's own data shows that the Trust Funds will begin to have cash shortfalls in less than 12 years. Beginning in 2010, Social Security will have to pay about \$1 billion more than it will collect in taxes.

There will be no surpluses in the Social Security fund. In the year 2015, that number will climb to \$90 billion of deficits.

In 2035, it will reach \$1 trillion and in 2075, the annual shortfall will explode to a staggering \$7.5 trillion per year. Even after being adjusted for inflation, the total unfunded liability is still staggering—at \$20 trillion.

On paper, the Trust Fund boasts more than \$600 billion in assets. "On paper" is the key, however. For years, Congress has regularly raided the Trust Fund to pay for additional federal programs—a practice that continues unabated today. Unfortunately, as the baby-boomers begin to retire, the government IOUs will become due.

Washington will either have to cut government spending, raise taxes, or borrow from the public to redeem those IOUs. Obviously, being unwilling—or unable—to control its own spending, Washington routinely chooses the latter two options. And so beginning by 2013, or maybe even earlier, taxpayers will be asked, yet again, to pay up as the IOUs are cashed in to fund retiree benefits. I agree with the majority of my Minnesota constituents that the government has no business raiding the Social Security Trust Fund to pay for its pet spending projects. The taxpayers have every right to be outraged that such a blatant abuse of the system is allowed to continue.

All these factors lead to the conclusion that the Social Security Trust

Fund will go broke by 2032 if we continue on our present course. If the economy takes a turn for the worse, or if the demographic assumptions are too optimistic, the Trust Fund could go bankrupt much sooner. And once the cash shortfalls begin, they quickly climb to staggering levels.

Washington's fiscal mismanagement means it not only raises taxes, it also must borrow more from the public to cover the shortfall. Without a policy change, the CBO estimates the debt held by the public will balloon to nearly \$80 trillion in 2050—from under \$6 trillion today to \$80 trillion in 2050. According to the General Accounting Office, the estimates are much worse. They say, it could top \$158 trillion in debt and consuming nearly 200 percent of our national income. A national debt at this level would shatter our economy, and shatter our children's hopes of obtaining the American dream.

Mr. President, we often hear those individuals who want to maintain the status quo argue that by increasing the payroll tax by "just" 2.2 percent—going from 12.4 to 14.6 percent—we can somehow fix the problem for another 75 years, but that is absolutely false.

Based upon the Trustee's Report, the present value of the unfunded promise of future benefits totals more than \$5 trillion—this is how much money we would have to collect and invest today to pay for the future retirees. To collect this much money, the federal government would be forced to impose a tax rate in excess of 100 percent on every American. This, of course, is assuming such funds would not be spent elsewhere in the interim and replaced with more IOUs, as we have done in the past.

The Concord Coalition projects that, from now to 2040, the cost of Social Security will rise from 11 to 18 percent of workers' taxable income. Add in Medicare and Medicaid and the taxes on these three programs take 40 percent off our paychecks—not even counting our Federal or State or local taxes; just those three programs: Social Security, Medicare, and Medicaid, would be a 40 percent tax on your income.

With federal, state, and local income taxes and other taxes, the tax burden will become too high for anyone to bear. These high tax rates will erase all growth in real after-tax worker earnings over the next half-century. When this occurs, the economy will be destroyed and a tax revolt from younger workers will certainly follow.

Mr. President, the only good news is that these problems are down the road and not already upon us. Of course, it would be easier to put off these difficult decisions by waiting until the crisis has actually arrived before we begin repairing the damage. As members of Congress, however, it is our responsibility to address the situation now, before we pass this financial nightmare onto our children and grandchildren. That is why I am speaking on this issue today.

Experts tell us that delaying action would require we take even more drastic measures in the future. Not only would such delays be costly, they would leave Americans with less time to prepare themselves for any adjustments to the program. When we consider that Social Security taxes consume approximately one-eighth of an average worker's lifetime income, there is a significant amount of money at stake for every individual. And that could grow, as we said, to one-fifth of all the money that an individual makes.

While Congress cannot change future demographics or merely replace the IOUs it has left sitting in the Social Security Trust Fund, it does hold the power to offer retirement security to all Americans by improving the way the Social Security System will operate in the future. I firmly believe it can be done without breaking the government's covenant with current retirees or leaving those about to enter the program in fiscal limbo. But it will take an innovative approach that breaks from Social Security's "government-knows-best" roots.

We must look to the ingenuity and competitive spirit of the private sector to improve and rejuvenate the program if we are to give future retirees any promise of retirement benefits.

I have often heard today's workers lament they do not think Social Security will be there for them. Forty-six percent of all young people believe in UFOs, says a study by Third Millennium, while just 28 percent think they will ever see a Social Security check. So more kids believe in UFO's than Social Security. Still, it is not too late to change that course and prevent the coming Social Security crisis.

As the national debate goes forward, Congress has the ability to empower workers with the tools to control their own future. If we can learn from our past mistakes and own up to the financial nightmare waiting down the road, we can transform Social Security from a program that threatens financial ruin to one that holds the promise of improved retirement security for generations to come.

We have much work to do and no time to waste, so I urge my colleagues to join me as we begin the transformation.

IMF REPLENISHMENT

Mr. GRAMS. Mr. President, yesterday, as we were debating the best way to help our farmers overcome low prices in the Upper Midwest, the Minority Leader appropriately called the IMF "the single best tool available to provide economic stability in Asia, Russia and around the world." Unfortunately, he then went on to blame Republicans for opposition to IMF replenishment.

As one who joined many of my Republican colleagues here in the Senate to actively promote the IMF replenish-

ment and pass the full \$18 billion here as part of the Supplemental, I would take issue with that statement. It was the Republican leadership in the Senate who worked with the Administration to pass the \$18 billion along with a balanced reform package designed to make the IMF work more effectively.

Yes, I have been disappointed that the House has still not acted on this matter. However, just yesterday, \$3.4 billion was reported out of the Appropriations Committee's Foreign Operations Subcommittee, and there are positive statements that the full \$18 billion may be included in the final Foreign Ops bill reported out of the full Committee next week. That was welcome news to those of us who strongly believe the IMF can play a positive role in addressing financial crises all over the world and restore important markets for US products. Now that new loans have been negotiated for Russia, the IMF's reserves are close to depletion. For the first time in many years, it has had to tap into its emergency fund. While I would have preferred the replenishment had been dealt with months ago, the logjam appears to have been broken.

Of course, there is one complicating factor. The funds are attached to the Foreign Operations bill—the appropriations bill that has been stymied by an inability of the House and the White House to work out the Mexico City abortion language which is annually attached to this appropriations bill.

While some may prefer not to have to fight controversial battles on appropriations bills, this is an issue that will not just go away. The sponsor is committed to bringing it up until it can be resolved to his satisfaction. Last year, a revised version, a substantial compromise, was attached to the State Department Reauthorization Conference Report and held up that report because of the veto threat of the President. That effort included a reorganization plan supported by the Administration that had been pursued for several years.

That is still being held up, and the IMF funding will likely be held up as well until the Mexico City issue is settled. The latest Mexico City compromise was a good attempt at solving this dispute. If the President really wants the IMF replenishment, he should exercise the needed leadership to work out the Mexico City language with the House as soon as possible. My colleagues in the minority can do more to help us achieve the replenishment by urging the President to pursue a resolution of Mexico City before any other alternative. I ask the Minority Leader for this assistance.

Thank you, Mr. President.

I thank the Chair. I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. I would ask unanimous consent that Senators HATCH, DASCHLE, LEVIN and MURKOWSKI be rec-

ognized as if in morning business in that order.

The PRESIDING OFFICER. Is there objection?

Mr. BROWNBACK. Mr. President, reserving the right to object, we were under the unanimous consent agreement that I was to receive recognition after my colleague from Minnesota. I am willing to go along with this if we have unanimous consent that I receive recognition after these colleagues conduct morning business.

Mr. DASCHLE. My apologies to the Senator from Kansas. I had meant to include that we also go back to Senator BROWNBACK at the completion of our presentations.

The PRESIDING OFFICER. Is there objection?

Mr. BROWNBACK. With that understanding, no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Utah.

THE SECRET SERVICE AND THE "PROTECTIVE FUNCTION" PRIVILEGE

Mr. HATCH. Mr. President, I rise today to address the current controversy over whether Secret Service agents and employees should testify before the grand jury convened by the Independent Counsel, Judge Kenneth Starr. At noon today, the Chief Justice of the United States denied the Department of Justice's request for a stay of the order compelling Secret Service agents to comply with subpoenas. Thus, every level of the federal judiciary, including the Supreme Court, has now rejected the arguments advanced by the Department of Justice in support of a judicially-created "protective function" privilege. I sincerely hope that the Service and the Department will abide by these decisions and that the agents will testify truthfully and fully before the grand jury.

In my view, the Secret Service's duty to protect the President does raise legitimate issues about whether agents should receive special privileges before being forced to disclose what they see or hear as a result of being so physically close to the President. However, the Department of Justice has taken these legitimate factual concerns and used them for political reasons to mount a fruitless legal battle to find a court, any court, to concoct this privilege out of thin air. In so doing, at least in my opinion, the Department has squandered its own credibility and acted solely as the defense attorney for the President in his personal legal problems.

The trial judge and the D.C. Circuit have it right: there is no way for a court to conjure up a "protective function" privilege out of whole cloth. The Court of Appeals which rejected the Department's arguments concluded:

We leave to Congress the question whether a protective function privilege is appropriate